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8  
9 **UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA**

10 UNITED STATES OF AMERICA,

11 Plaintiff,

12 v.

13 KAREN CHAPON,  
aka "Karen Hannafious,"

14 Defendant.  
15

2:20-CR-286-JCM-NJK

**United States of America's Motion for  
Disbursement of \$67,420.89 to Mercedes  
Benz Financial Services USA LLC from net  
proceeds minus storage fees, costs, and  
expenses from the Interlocutory Sale of the  
2018 Mercedes Benz G63 AMG, ECF No.  
40, and Order**

16 The United States requests this Court enter an order authorizing the government to  
17 disburse \$67,420.89 by ACH to pay off the lien of Mercedes Benz Financial Services USA  
18 LLC (Mercedes Benz LLC) from the net proceeds minus the cost of storage and expenses  
19 from the interlocutory sale of the gray 2018 Mercedes Benz G63 AMG sports utility vehicle  
20 VIN WDCYC7DH6JX291626 (2018 Mercedes) held in the name of Karen Chapon, aka  
21 "Karen Hannafious,"(Chapon), listed in the forfeiture allegations of the Criminal  
22 Indictment (Indictment), ECF No. 22.

23 The grounds for granting this motion are as follows. First, the lien on the 2018  
24 Mercedes continues to accrue interest. Second, the sooner the 2018 Mercedes unpaid  
25 vehicle loan is paid in full, the more net sale proceeds will exist. Third, this Court is  
26 authorized to approve the distribution of funds from interlocutory sales.

27 This Motion is made and is based on the papers and pleadings on file herein and the  
28 attached Memorandum of Points and Authorities, and the attached Exhibits.

1                                   **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. STATEMENT OF THE CASE**

3                   **A. Procedural History**

4           The Grand Jury returned a Seven-Count Indictment, alleging forfeitures against  
5 Chapon, including, among other things, the 2018 Mercedes, ECF No. 22. This Court  
6 scheduled the jury trial for December 14, 2020, ECF No. 26. Chapon requested  
7 continuances of the trial, and this Court granted them, scheduling the jury trial for  
8 November 1, 2021, ECF Nos. 32, 33, 37, 39, 41.

9           The government filed a Motion for Interlocutory Sale of the 2018 Mercedes, ECF  
10 No. 34. Chapon failed to respond, and the government filed a Reply to Chapon's Failure to  
11 Respond to Government's Motion for Interlocutory Sale, ECF No. 38. This Court ordered  
12 the interlocutory sale of the 2018 Mercedes, ECF No. 40.

13                   **B. Statement of Facts**

14           In June 2020, Chapon bought the 2018 Mercedes for \$105,995 plus a documentary  
15 fee of \$695 for a total of \$106,690. She made a down payment of \$49,987.73 from  
16 fraudulently obtained illegal proceeds and financed \$65,000 at 7.64% annual percentage rate  
17 with the total cost including interest at \$81,493.92 with payments of 72 months at \$1,131.86  
18 per month. Chapon never made a car payment towards the 2018 Mercedes. ECF Nos. 22,  
19 34; Exhibit (Ex.) 1, Declaration of Federal Bureau of Investigation Special Agent (FBI SA)  
20 Thomas Lydixsen; Ex. 2, Vehicle Purchase Contract; Ex. 4, Mercedes Payoff Letter, all of  
21 which are attached hereto and incorporated herein by reference as if fully set forth herein.

22           The FBI seized the 2018 Mercedes. On September 8, 2020, the United States  
23 Marshals Service (USMS) took custody of the 2018 Mercedes, and it began to accrue  
24 storage fees, costs, and expenses. Ex. 1. On April 12, 2021, the USMS sold the 2018  
25 Mercedes through an interlocutory sale for \$105,000. The USMS took \$10,511.24 for  
26 storage fees, costs, expenses, and costs of selling. 21 U.S.C. § 853(g); 19 U.S.C. §§ 1609(a)  
27 1611, and 1613(a) and (b). The net sale proceeds are \$94,488.76. Ex. 3, USMS Interlocutory  
28 Sale Proceeds, attached hereto and incorporated herein by reference as if fully set forth

1 herein. The United States has not yet paid off Mercedes Benz LLC's currently due lien of  
2 \$67,420.89 on the 2018 Mercedes. Ex. 4; Ex. 5, ACH form, attached hereto and  
3 incorporated herein by reference as if fully set forth herein.

## 4 **II. ARGUMENT**

5 This Court has authority to issue an Interlocutory Order of Sale. *See* Fed. R. Crim. P.  
6 32.2(b)(7); Supplemental Rules for Admiralty or Maritime Claims and Assets Forfeiture  
7 G(7) of the Federal Rules of Civil Procedure (paying of lien in default). Some reasons for  
8 the interlocutory sale were Chapon's default on the loan payment, the accruing interest on  
9 the lien, and the depreciating value of the 2018 Mercedes. Without paying off the lien, the  
10 accruing interest will continue to reduce the net sale proceeds or the remaining illegal  
11 proceeds. The interlocutory sale is meant to prevent the continue loss of the forfeitable asset.  
12 Ex. 4 and Ex. 5. Paying off the lien will achieve its purpose.

## 13 **III. CONCLUSION**

14 For the foregoing reasons, the Court should order the USMS to pay \$67,420.89 in  
15 full for the unpaid lien to Mercedes-Benz LLC from the net sale proceeds from the  
16 interlocutory sale of the 2018 Mercedes.

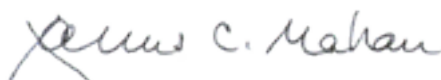
17 Dated: June 8, 2021.

18 Respectfully submitted,

19 CHRISTOPHER CHIOU  
20 Acting United States Attorney

21 /s/ Daniel D. Hollingsworth  
22 DANIEL D. HOLLINGSWORTH  
23 Assistant United States Attorney

24 IT IS SO ORDERED:

25   
26 JAMES C. MAHAN  
27 UNITED STATES DISTRICT JUDGE

28 DATED: June 25, 2021

**CERTIFICATE OF SERVICE**

A copy of the foregoing was served upon counsel of record via Electronic Filing on June 8, 2021, and by

Certified Mail Return Receipt and First Class Mail:

Goldfein Attorneys at Law  
Gregory Mgrditchian, Attorney at Law  
140 East Ridgewood Avenue, Suite 415 South Tower  
Paramus, NJ 07652

Daimler Trust, Daimler Title Co., and Mercedes Benz Financial Services, LLC  
14372 Hermitage Parkway  
Fort Worth, TX 76177

/s/ Misty L. Dante  
MISTY L. DANTE  
FSA Contractor Law Clerk